



U.S. Department of Justice

Environment and Natural Resources Division

90-5-1-1-09112

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**THIS LETTER IS PROVIDED FOR SETTLEMENT PURPOSES ONLY
SUBJECT TO FEDERAL RULE OF EVIDENCE 408**

April 15, 2008

VIA E-MAIL

Timothy W. Hardy
V. Joyce Matthews
Lemle & Kelleher, L.L.P.
One America Place, Suite 1100
301 Main Street
Baton Rouge, LA 70825
thardy@lemle.com
jmatthews@lemle.com

Nathan Eimer
Eimer Stahl Klevorn & Solberg LLP
224 South Michigan Avenue, Suite 1100
Chicago, Illinois 60604
neimer@eimerstahl.com

Re: Oil Spill at the CITGO Lake Charles Refinery (June 19-20, 2006)

Dear Messrs. Hardy and Eimer and Ms. Matthews:

This letter is to notify CITGO Petroleum Corporation that the United States Environmental Protection Agency ("EPA") has requested the United States Department of Justice to bring a civil federal court action against CITGO Petroleum Corporation for violations of the Clean Water Act. The incident at issue is the discharge of slop oil to waters of the United States from CITGO's Lake Charles Refinery on June 19 and 20, 2006. The United States and the State of Louisiana, through the Louisiana Department of Environmental Quality ("LDEQ"), are proceeding together in a joint civil enforcement effort regarding this spill.^{1/}

Before filing the Complaint, however, the United States and the State of Louisiana are extending to CITGO the opportunity to discuss settlement of this matter. It is our hope that we can work amicably to resolve this case in a fair and timely manner without resorting to litigation.

^{1/} I have addressed this letter to you as known representatives of CITGO in state and federal matters regarding this spill. I ask that you please forward this letter to appropriate company officials.



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To that end, we propose holding an informational meeting at the CITGO Lake Charles Refinery to provide an opportunity for CITGO to explain the facts surrounding the spill event and any measures taken to prevent future spills. We are particularly interested in speaking with people who can explain (1) the basis of CITGO's estimated volume of oil spilled and recovered; (2) the causes of the spill, (3) the extent of CITGO's cleanup efforts, (4) the design, operational history, and current status of the waste water storage tanks, containment berm, and the junction box under the containment area, and (5) the actions taken to prevent any similar spill in the future. We also would like to obtain any documentation that supports CITGO's account of these factual issues, including spill volume estimate calculations, final cleanup reports, as-built drawings for the new tank and berm, and current operation and maintenance protocols for the waste water treatment tanks and berm.

If CITGO is interested in resolving this matter short of litigation, please contact me by **April 22, 2008**, to schedule the meeting described above. Currently, we propose meeting at the CITGO refinery on May 7 or 8, 2008. Please let me know which date is acceptable to CITGO. To the extent CITGO can provide any of the requested documents in advance of our meeting, the documents can be sent by overnight mail addressed to me at ENRD Mailroom, Room 2121, 601 D Street, N.W., Washington, D.C. 20004.

I will serve as the lead contact for this case. Please feel free to write or call me at the addresses listed above. Thank you for your prompt attention to this important matter.

Sincerely,

A handwritten signature in cursive script that reads "Jason T. Barbeau".

Jason T. Barbeau

cc: Dwana King, LDEQ
Ed Quinones, EPA R6
Cheryl Rose, EPA HQ